

Service Date: January 23, 1985

DEPARTMENT OF PUBLIC SERVICE REGULATION  
BEFORE THE PUBLIC SERVICE COMMISSION  
OF THE STATE OF MONTANA

\* \* \* \* \*

IN THE MATTER of the Application                    ) UTILITY DIVISION  
by MONTANA POWER COMPANY for                    ) DOCKET NO. 83.9.67  
authority to establish increased rates    ) ORDER NO. 5051i  
for electric service in the State of    )  
Montana.    )

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Order On Conoco, Inc. and Champion International  
Corporation's Motion For Reconsideration of Order No. 5051h

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IN THE MATTER of the Application                    ) UTILITY DIVISION  
by MONTANA POWER COMPANY for                    ) DOCKET NO. 83.9.67  
authority to establish increased rates    ) INTERIM ORDER NO.5051i  
for electric service in the State of    )  
Montana.    )

APPEARANCES

FOR THE APPLICANT:

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59624-0514, appearing on behalf of the Applicant

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59701, appearing on behalf of the Applicant

Daniel O. Flanagan, Attorney at Law, 40 East Broadway, Butte,  
Montana 59701, appearing on behalf of the Applicant

John L. Peterson, Attorney at Law, 27 West Broadway, Butte,  
Montana , 59701, appearing on behalf of the Applicant

FOR THE PROTESTANTS:

James C. Paine, Montana Consumer Counsel, 34 West Sixth Avenue, Helena, Montana 59620, appearing on behalf of the consuming public of the State of Montana

John Allen, Consumer Counsel Staff Attorney, 34 West Sixth Avenue, Helena, Montana 59620, appearing on behalf of the consuming public of the State of Montana

FOR THE INTERVENORS:

Patrick L. Smith, Attorney at Law, 2812 First Avenue North, Billings, Montana 59101, appearing on behalf of the Northern Plains Resource Council

John Doubek, Attorney at Law, 314 Fuller Avenue, Helena, Montana 59601, appearing on behalf of the Montana Irrigators

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Linwood Morrell, Attorney at Law, 30 Rockefeller Plaza, New York, New York 13417, appearing on behalf of Champion International and Conoco

Robert L. Deschamps, III, Attorney at Law, Missoula County Courthouse, Missoula, Montana 59802, appearing on behalf of Missoula County

James Robischon, Attorney at Law, 1941 Harrison Avenue, Butte, Montana 59701, appearing on behalf of Atlantic Richfield, Stauffer Chemical and Exxon

Kurt Krueger, Attorney at Law, Box 3209, Butte, Montana 59702, appearing on behalf of Montana Legal Services (L. I. G. H. T., Butte Community Union and Montana Association of Senior Citizens)

Robert C. Rowe, Attorney at Law, 127 East Main, Missoula, Montana 59802, appearing on behalf of Montana Legal Services (L.I.G.H.T., Butte Community Union and Montana Association of Senior Citizens)

Captain Edwin T. Peterson, Judge Advocate, 341st Combat Support Group, Great Falls, Montana 59401, appearing on behalf of the United States Air Force

FOR THE COMMISSION:

Eileen E. Shore, Staff Counsel  
Opal Winebrenner, Staff Counsel

BEFORE:

CLYDE JARVIS, Chairman  
HOWARD L. ELLIS, Commissioner  
JOHN B. DRISCOLL, Commissioner  
DANNY OBERG, Commissioner  
TOM MONAHAN, Commissioner

Background

1. On August 3, 1984, the Commission issued Order No. 5051d. This order set forth the cost of service approach that MPC was to use to compute reconciled class revenue requirements. In the order, the Commission directed the Montana Power Company to file rate schedules which reflect an increase in annual electric utility revenues of \$4,106,915. Rates were to increase by a uniform percent for all but the irrigator class.

2. When the Commission learned that the final order would result in a rebate, it directed the Montana Power Company to defer any rate changes until Order No. 5051f was issued.

3. On August 21, 1984, the Commission received the Montana Power Company's Motion for Reconsideration of Order Nos. 5051c and 5051d.

4. On September 21, 1984, the Commission issued Order No. 5051f which addressed MPC's Motion for Reconsideration on the cost of service portion of the previous order and rate design.

5. On October 9, 1984, the Commission received the Montana Power Company's and District XI Human Resource Council's Motions for Reconsideration of the rate design portion of Order No. 5051f.

6. On October 23, 1984, the Commission issued Order No. 5051(g), on Motions for Reconsideration of Order No. 5051f rate design issues.

7. On November 2, 1984, the Commission received the Champion International Corporation and Conoco, Inc. (CICO) Motion for Reconsideration of Order No. 5051g.

8. On November 21, 1984, the Commission issued its Notice of Commission Action. This notice directed CICO to enumerate and quantify the concerns raised in its Motion.

9. The Commission subsequently granted CICO two extensions of time to comply with the Notice of Commission action.

10. On December 14, 1984, the Commission received MPC's work papers and statement in support of CICO's Motion for

Reconsideration of Order No. 5051(g) .

11. On December 28, 1984, the Commission issued Order No. 5051h addressing CICO's Motion for Reconsideration of Order No. 5051(g).

12. On January 7, 1985, the Commission received CICO's Motion for Reconsideration of Order No. 5051h.

Order No. 5051h Issues for Reconsideration

13. Anaconda Deficiency Credit. In this issue CICO appears to be requesting the Commission to reconsider the inclusion of 2/12ths of the Anaconda Demand in the Cost of Service Study.<sup>1</sup>

14. On reconsideration, the Commission finds merit in the request. Inclusion of only actual demand, at time of system peak, will result in Anaconda's contribution to the system coincident peak (the industrial class' contribution) that is consistent with the contributions of other classes.

15. Anaconda's Actual Demands. From the Commission staff's informal inquiry to CICO, the Commission understands this issue to cross-reference to the issue beginning at paragraph 17 of Order No. 5051h. That is, should Anaconda's normalized billing determinants reflect one or three points of delivery.

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<sup>1</sup>This demand factors into the industrial class' contribution to the system coincident peak (winter) and the average summer coincident peak.

16. The Commission finds no reason to deviate from the decision made in Order No. 5051h. Such data was included in MPC's work

papers in the docket. If an error existed, it should have been noted in hearing but no later than when Order No. 5051f on rate design was issued.

17. Consistent and Comprehensive Rate Calculation. In this issue CICO references the issue beginning at paragraph 30 of Order No. 5051h. In its December 17, 1984, Motion, CICO requested:

that the Commission approve a complete mathematical follow-through of all approved data and computational procedures. This disparity still exists in Attachment I, as may be seen on pages 10 and 25.

18. In its present motion, CICO exhumed the issue stating that the MPC " . . . was not able to 'fully iterate' the October 22 filing, and to fully incorporate the October 22 figure."

19. Once more, from informal staff level discussions, the Commission understands that the difference, between the two cited 10/12ths Anaconda deficiency figures of roughly \$4,700, is due to the employee discount treatment. The Commission finds that the magnitude of the error, if in fact there is one, is "de minimis". The proper forum for a "complete mathematical follow-through", or iterative solution, will be MPC's next electric retail rate case where cost of service is at issue.

20. Review of Errors: The Procedural Mechanism. In this issue, CICO makes two requests. One, that the Commission review its characterization of CICO's participation in the compliance process and reconsider whether CICO has not in fact acted responsively and responsibly. The second, that the Commission consider whether it should not provide a more explicit process for reviewing compliance filings.

21. Regarding the first request, the Commission finds that CICO was well-behaved; however, as noted at paragraph 15 of Order 5051h, CICO's response was hardly laudable.

22. The Commission concurs with CICO's concern on this second request. The Commission's staff is presently investigating alternative processes that will hopefully make for a more efficient review of compliance filings.

23. Conclusion. MPC is to recompute rates and charges reflecting the one change noted above.

#### CONCLUSIONS OF LAW

1. All Findings of Fact are incorporated as Conclusions of Law.

2. The Applicant, Montana Power Company, furnishes electric service to consumers in Montana, and is a "public utility" under the regulatory jurisdiction of the Montana Public Service Commission. §69-3-101, MCA.

3. The Montana Public Service Commission properly exercises jurisdiction over Montana Power Company's rate and operations. §69-3-102, MCA, and Title 69, Chapter 3, Part 3, MCA.

4. The Montana Public Service Commission has provided adequate public notice of all proceedings, and an opportunity to be heard to all interested parties in this docket. §69-3-303, MCA, §69-3-104, MCA, and Title 2, Chapter 4, MCA.

5. The rates resulting from this order are just, reasonable, and not unjustly discriminatory . §69-3-330, MCA and §69-3-201, MCA.

ORDER

THE MONTANA PUBLIC SERVICE COMMISSION HEREBY ORDERS:

1. The Montana Power Company shall design class cost revenue responsibility to generate authorized revenues which are consistent with the Findings of Fact entered by the Commission in this Order.

2. MPC shall submit detailed work papers reflecting the changes made pursuant to this order. Such work papers must document each class' revenue responsibility -- cost of service -- and each class' final rates that flow from this order.

3. Rates reflecting the findings contained in this order, shall be effective for service on and after the date on which the Commission voted on this order.

4. All other motions or objections made in the course of these proceedings which are consistent with the findings, conclusions and decision made herein are granted; those inconsistent are denied.

DONE IN OPEN SESSION at Helena, Montana this 17th day of January, 1985, by a vote of 5 to 0.

BY ORDER OF THE MONTANA PUBLIC SERVICE COMMISSION.

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CLYDE JARVIS, Chairman

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HOWARD L. ELLIS, Commissioner

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JOHN B. DRISCOLL, Commissioner

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DANNY OBERG, Commissioner

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TOM MONAHAN, Commissioner



ATTEST:

Trenna Scoffield

Commission Secretary

(SEAL)

NOTE: Any interested party may request the Commission to reconsider this decision. A motion to reconsider must be filed within ten (10) days. See 38.2.4806, ARM.